

WASHINGTON, D.C., July 17, 2012 —New research, released today by the National Federation of Independent Business, shows that allowing tax relief on the top individual rates to expire will hurt job creation and the economy. The report, published by top accounting firm Ernst & Young, shows raising top individual rates would hurt small-business job creators in particular.

Link: [Long-run macroeconomic impact of increasing tax rates on high income taxpayers in 2013](#)

The study, authored by Dr. Robert Carroll and Gerald Prante, estimated the effects of the policy advocated by President Obama and some Members of Congress to allow the top tax rates paid by small-business owners to rise sharply starting January 1, 2013. It finds that over time the economy would be 1.3 percent smaller and there would be 710,000 fewer jobs. More than 72 percent of S corporation income is earned by the half-million S corporation owners who pay the top two rates.

Increasing individual rates directly impacts small businesses organized as S corporations, partnerships, LLCs and sole proprietors, also known as "pass-through" businesses. NFIB research shows around 75 percent of all small businesses are organized in such a manner.

Together with the new 3.8 percent tax on investment income introduced in the health care reform law, the study finds that the top tax rate on pass-through business income would skyrocket from 35 to nearly 45 percent.

The study was commissioned by NFIB in partnership with the S Corporation Association, the U.S. Chamber of Commerce, and the Independent Community Bankers Association.

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NFIB is the nation's leading small business association, with offices in Washington, D.C. and all 50 state capitals. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB gives small and independent business owners a voice in shaping the public policy issues that affect their business. NFIB's powerful network of grassroots activists send their views directly to state and federal lawmakers through our unique member-only ballot, thus playing a critical role in supporting America's free enterprise system. NFIB's mission is to promote and protect the right of our members to own, operate and grow their businesses. More information is available online at www.NFIB.com/newsroom.